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SUBJECT: NORIHIKO AKAGI - NEW AGRICULTURE MINISTER, OLD
APPROACH?

REF: JAPAN ECONOMIC SCOPE - 10 MARCH 2007

Classified By: Ambassador Thomas Schieffer, for reasons 1.5 (b and d).

Summary

¶1. (C) After a difficult search that took a couple days longer than expected, Norihiko Akagi will be Japan's new Agriculture Minister. The 48 year-old, six-term Diet member from Ibaraki Prefecture replaces Toshikatsu Matsuoka, who committed suicide earlier this week in the face of growing corruption allegations. Young by the standards of Japanese cabinet ministers, Akagi is not well known to the public. In explaining the appointment on June 1, Chief Cabinet Secretary Shiozaki told reporters that PM Abe selected Akagi in part because "he understands Japan's agricultural policies and Japan's place in the world," and would be effective in representing Japan's national interests. Shiozaki cited specifically ongoing WTO and FTA negotiations. Although not reform-minded when we met Akagi earlier in the spring, it may be too early to draw any conclusions. Akagi's grandfather was a six-time Agriculture Minister and the new minister served at the Agriculture Ministry (MAFF) for seven years after graduating from Tokyo University in 1983. End summary.

¶2. (SBU) By some accounts we have heard, PM Abe had a difficult time finding a qualified person to replace previous Agriculture Minister Matsuoka, the embattled old-time LDP politician who hanged himself on May 28 presumably over corruption scandals that were closing in on him. Most of the names to emerge had flaws. The government wanted somebody who could step in and handle some difficult issues right away -- including the ongoing Doha Round trade talks and the FTA/EPA talks Japan launched in April with Australia. According to observers we have talked to, Abe viewed Matsuoka as a key to bringing Japan on board for a Doha agreement. If Matsuoka was not particularly proactive in identifying a way forward for the talks, he would at least be effective in selling a deal back home where he remained popular with Japan's highly protectionist farm lobby.

Comes With Credentials and Pedigree

¶3. (SBU) For his part, Akagi has credentials and pedigree on his side -- although his political clout is not so certain. A product of the prestigious Tokyo University Law Faculty, Akagi entered MAFF after graduation and gained a familiarity with agricultural issues from inside the

bureaucracy. Seven years later he left the ministry to run for the Diet from Ibaraki Prefecture, following in his grand father, Munenori Akagi's footsteps. He rose up the LDP ranks as a member of the Komura Faction, which is relatively reform-minded, but small, with only 16 members. Representing an agricultural district, Akagi has served on the LDP Agriculture Commission in the Diet and made farm issues a priority during his tenure. He served briefly as a Deputy Director General of the Self Defense Agency in the first Koizumi government, a post his grandfather filled decades earlier.

Protectionist Mindset?

14. (C) We met Akagi in March, in his capacity as the head of the LDP's International Bureau, to discuss his views on Doha and agriculture reform issues. He emphasized the need to protect Japan's struggling farmers and said Japan could not accept any compromise the United States and EU were then working on to lower tariff caps. He betrayed skepticism that agriculture reform in Japan would yield any results -- Japan's farmers were "inherently" inefficient -- and the sector would need continued protection. Akagi acknowledged that reform of the farm sector was being implemented, but said he did not see much room for further reform. He professed not to know anything about the activities of the FTA and Agriculture Reform Subcommittee working under the prime minister's Council for Economic and Fiscal Policy (CEFP) -- a body which has been a thorn in the side of MAFF's protectionist-minded bureaucrats and which recently issued a report calling for an outward-oriented trade policy and sweeping reforms of Japan's farm sector.

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His Own Man

15. (C) On Akagi's appointment, we called over to his former deputy at the LDP's International Bureau for her views on what type of Agriculture minister he would make. Akagi is cerebral, with sharp analytical skills, she said. He quickly grasps what is important and draws well reasoned conclusions. He is not a member of the LDP's old boys network, preferring to keep some distance with his colleagues. At the same time, he knows how to network. Another former MAFF official we talked to who worked with him when Akagi was a junior bureaucrat at the ministry said Akagi was of outstanding character and "well brought up" -- by implication, in stark contrast to his roguish immediate predecessor. And Akagi's clean image was a factor in his selection. The reality, however, the same person observed, is that as a young politician from a small LDP faction, Akagi will be dependent on the party's more crusty old guard of the farm lobby -- including Yoshio Yatsu, Kazuaki Miyaji, and Shoichi Nakagawa. (Each, by the way, was reportedly considered for the ministerial position but shot down for various reasons.)

Comment

16. (C) It is too early to draw conclusions about what sort of Agriculture Minister Akagi will be. He is young and ambitious and will likely try to do the Prime Minister's bidding for the most part. Japan's trade policies, such as they are under PM Abe, will not likely change much with Akagi replacing Matsuoka as agriculture minister. As one agricultural economist quipped to us when we asked about the new minister, it scarcely matters since the bureaucrats at MAFF will stay the same. Another observation we have heard is that the Trade Ministry in coming weeks will likely play a bigger role in the Doha talks than it has to date. This may be true, but not necessarily meaningful as so many of the obstacles to a WTO deal remain on the agricultural side. What is more certain -- and worrying -- is that PM Abe's new

Agriculture Minister will not have the credibility among Japan's trade protectionists that his predecessor had. If a Doha deal is reached -- with or without Japan's active participation in the negotiations leading up to it -- PM Abe will have a more difficult time selling it at home.

SCHIEFFER